

TOWN OF COLFAX, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/13/10

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M. DALE HARRINGTON, CPA
RETIRED - 2005

December 21, 2009

Independent Auditors' Report

The Honorable Gerald Hamilton, Mayor
and the Board of Aldermen
Town of Colfax, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Colfax's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

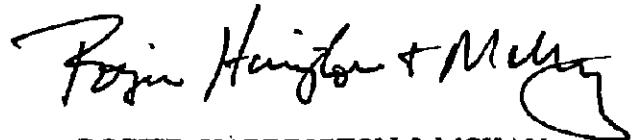
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009 on our consideration of the Town of Colfax, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government*

Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colfax's basic financial statements. The general fund schedule of expenses – budget and actual and the combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The general fund schedule of expense – budget and actual, and the combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

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December 21, 2009

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

The Honorable Gerald Hamilton, Mayor
And the Board of Alderman
Town of Colfax, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, Louisiana (the Town), as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Colfax's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as finding 2009-1.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Colfax's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Colfax's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Colfax's internal control over financial reporting.

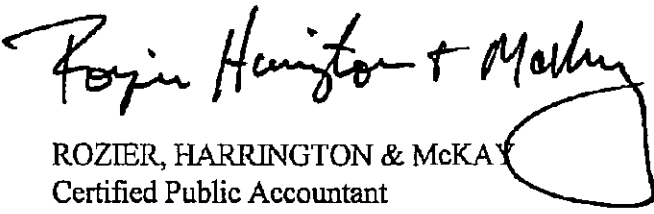
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all matters in the internal control that might be significant deficiencies and accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Colfax's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies, Finding 2009-1 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Colfax's internal control.

We noted certain matters that we reported to management in a separate letter dated December 21, 2009.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.


ROZIER, HARRINGTON & MCKAY
Certified Public Accountant

Town of Colfax

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

This section of the Town of Colfax's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2009.

Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 2003) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with the utility system and sanitation services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility system and sanitation services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

Financial Analysis of the Town as a Whole

A comparative analysis of government-wide data is presented as follows:

Net Assets

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	<u>June 30, 2009</u>			<u>For the</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Year Ended June 30, 2008</u>
<u>Assets:</u>				
Current and other assets	\$ 252,655	\$ 173,645	\$ 426,300	\$ 503,360
Capital assets	483,142	2,354,197	2,837,339	2,948,819
Total assets	<u>735,797</u>	<u>2,527,842</u>	<u>3,263,639</u>	<u>3,452,179</u>
<u>Liabilities:</u>				
Current and other liabilities	43,821	143,364	187,185	293,635
Long-term liabilities	12,967	61,405	74,372	59,765
Total liabilities	<u>56,788</u>	<u>204,769</u>	<u>261,557</u>	<u>353,400</u>
<u>Net Assets:</u>				
Invested in Capital Assets (Net)	483,142	2,354,197	2,837,339	2,948,819
Unrestricted	195,867	(31,124)	164,743	149,960
Total Net Assets	<u>\$ 679,009</u>	<u>\$ 2,323,073</u>	<u>\$ 3,002,082</u>	<u>\$ 3,098,779</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net assets (94.5%), are invested in capital assets. Net assets invested in capital assets consist of land, buildings, and equipment less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. The remaining unrestricted net assets (5.5%) may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

Changes in Net Assets

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

	June 30, 2009			For the Year Ended June 30, 2008
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 24,525	\$ 846,105	\$ 870,630	\$ 900,745
Operating Grants and Contributions	61,564	----	61,564	83,165
Capital Grants and Contributions	----	45,000	45,000	11,213
General Revenue:				
Property Taxes	73,737	----	73,737	73,510
Sales Taxes	281,060	----	281,060	287,292
Franchise Taxes	65,746	----	65,746	63,778
Occupational Licenses	91,140	----	91,140	89,619
Payment in Lieu of Taxes	6,823	----	6,823	6,823
Miscellaneous	23,367	6,031	29,398	31,091
Total Revenue	<u>627,962</u>	<u>897,136</u>	<u>1,525,098</u>	<u>1,547,236</u>
<u>Program Expenses:</u>				
General Government	229,213	----	229,213	234,633
Public Safety	184,383	----	184,383	172,972
Streets, Drainage, and Recreation	233,538	----	233,538	265,260
Utility System	-----	907,560	907,560	956,970
Sanitation	----	67,101	67,101	55,813
Total Expenses	<u>647,134</u>	<u>974,661</u>	<u>1,621,795</u>	<u>1,685,648</u>
Increase in Net Assets				
Before Transfers	(19,172)	(77,525)	(96,697)	(138,412)
Transfers	8,247	(8,247)	----	----
Change in Net Assets	<u>(10,925)</u>	<u>(85,772)</u>	<u>(96,697)</u>	<u>(138,412)</u>
Net Assets Beginning	689,934	2,408,845	3,098,779	3,237,191
Net Assets Ending	<u>\$ 679,009</u>	<u>\$ 2,323,073</u>	<u>\$ 3,002,082</u>	<u>\$ 3,098,779</u>

Governmental activities decreased the Town's net assets by \$10,925. This decrease is due to depreciation expense of \$77,404.

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

Business-type activities decreased the Town's net assets by \$85,772. This decrease is due to depreciation expense of \$110,378.

Financial Analysis of the Town's Funds

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental funds reported combined fund balances of \$208,834, which represents an increase of \$42,580 in comparison to the previous balance. This increase is attributable to transfers in from other funds of \$8,247 and revenues in excess of expenditures of \$34,344.
- In the current year the Town's governmental funds consisted entirely of the Town's general fund balance of \$208,834.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported on the government-wide presentation.

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget. The budget was amended as necessary. Some revisions of the original budget were necessary in order to address additional expenditures incurred. A summary of the general fund budget compared to actual amounts is presented as follows:

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Revenues	\$ 500,940	\$ 538,940	\$ 627,962	\$ 89,022
Total Expenditures	692,560	681,460	593,618	87,842
Excess (deficiency) of revenues over expenditures	(191,620)	(142,520)	34,344	176,864
Operating Transfers In (net)	135,000	95,000	8,247	(86,753)
Net Change in Fund Balances	\$ (56,620)	\$ (47,520)	\$ 42,591	\$ 90,111

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

Capital Asset Administration

Capital asset activity for the year ended June 30, 2009, is summarized as follows:

	Govern- mental Activities	Business- Type Activities	Total
<u>Additions:</u>			
Improvements to Utility System	\$ ----	\$ 24,507	\$ 24,507
Miscellaneous	26,521	25,273	51,794
Total Additions	26,521	49,780	76,301
Depreciation	(77,404)	(110,377)	(187,781)
Net Increase (Decrease)	(50,883)	(60,597)	(111,480)
Beginning Capital Asset (Net)	534,025	2,414,794	2,948,819
Ending Capital Assets (Net)	\$ 483,142	\$ 2,354,197	\$ 2,837,339

Highlights of the Town's capital asset administration are provided as follows:

- Improvements to the Town's utility system were for improvements and adjustments made to the water bypass system. These improvements were funded through the Louisiana Government Assistance Program.
- Miscellaneous additions to the Utility system in the current year include the purchase and installation of an Emergency Power Generator for the water distribution system which was funded through the Louisiana Government Assistance Program.
- Miscellaneous additions for Governmental activities in the current year were the purchase of 4 new computers and a printer for the office staff and a Ford truck for the streets department.

Factors Expected to Effect Future Operations

No events and conditions are expected to have a significant influence on future operations.

Town of Colfax

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 161,924	\$ 107,997	\$ 269,921
Receivables (net)	72,476	77,771	150,247
Interfund Receivable	15,983	(15,983)	-
Prepaid insurance	2,272	3,860	6,132
Non depreciable capital assets	207,068	6,232	213,300
Depreciable capital assets, net	276,074	2,347,965	2,624,039
Total assets	735,797	2,527,842	3,263,639
<u>LIABILITIES</u>			
Accounts payable	15,805	37,453	53,258
Accrued expenses	15,970	9,393	25,363
Deposits due others	-	96,518	96,518
Deferred Revenue	12,046	-	12,046
Long-term liabilities			
Due in more than one year	12,967	61,405	74,372
Total liabilities	56,788	204,769	261,557
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	483,142	2,354,197	2,837,339
Unrestricted	195,867	(31,124)	164,743
Total net assets (deficit)	\$ 679,009	\$ 2,323,073	\$ 3,002,082

The accompanying notes are an integral part of the financial statements.

Town of Colfax

STATEMENT OF ACTIVITIES **YEAR ENDED JUNE 30, 2009**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 229,213	\$ -	\$ -	\$ -	\$ (229,213)	\$ -	\$ (229,213)
Public Safety	184,383	24,525	-	-	(159,858)	-	(159,858)
Streets, Drainage, & Recreation	233,538	-	61,564	-	(171,974)	-	(171,974)
Total Governmental Activities	647,134	24,525	61,564	-	(561,045)	-	(561,045)
<u>Business-Type Activities:</u>							
Utility System	907,560	777,762	-	45,000	-	(84,798)	(84,798)
Sanitation	67,101	68,343	-	-	-	1,242	1,242
Total Business-Type Activities	974,661	846,105	-	45,000	-	(83,556)	(83,556)
Total Primary Government	\$ 1,621,795	\$ 870,630	\$ 61,564	\$ 45,000	(561,045)	(83,556)	(644,601)
<u>General Revenues:</u>							
Taxes:							
		Ad Valorem			73,737	-	73,737
		Sales Taxes			281,060	-	281,060
		Franchise			65,746	-	65,746
		Occupational Licenses			91,140	-	91,140
		Payment in lieu of taxes			6,823	-	6,823
		Other			23,367	6,031	29,398
		Transfers			8,247	(8,247)	-
		Total General Revenues and Transfers			550,120	(2,216)	547,904
		Change in Net Assets			(10,925)	(85,772)	(96,697)
		Net Assets Beginning			689,934	2,408,845	3,098,779
		Net Assets Ending			\$ 679,009	\$ 2,323,073	\$ 3,002,082

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Balance Sheet

Governmental Funds - June 30, 2009

	General	Non-Major Funds	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 161,924	\$ -	\$ 161,924
Receivables (net)	72,476	-	72,476
Interfund Receivable	15,983	-	15,983
Prepaid Insurance	2,272	-	2,272
Total assets	\$ 252,655	\$ -	\$ 252,655
<u>Liabilities and fund equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 15,805	\$ -	\$ 15,805
Deferred Revenues	12,046	-	12,046
Accrued expenses	15,970	-	15,970
Total liabilities	43,821	-	43,821
<u>Fund equity:</u>			
Unreserved - Reported In			
General Fund	208,834	-	208,834
Capital Projects Fund	-	-	-
Total fund equity	208,834	-	208,834
Total liabilities and fund equity	\$ 252,655	\$ -	\$ 252,655

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets

Year Ended June 30, 2009

Total Fund Balances - Governmental Funds	\$	208,834
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Amounts reported for governmental activities in the statement of net assets are
different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	483,142
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Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	<u>(12,967)</u>
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Net Assets of Governmental Activities	\$	<u>679,009</u>
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The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 73,737	\$ -	\$ 73,737
Sales tax	281,060	-	281,060
Licenses and permits:			
Occupational licenses	91,140	-	91,140
Franchise	65,746	-	65,746
Other permits	1,470	-	1,470
Intergovernmental:			
Federal funds	5,431	-	5,431
State funds	51,032	-	51,032
Local funds	5,101	-	5,101
Beer tax	5,657	-	5,657
Payment in lieu of taxes	6,823	-	6,823
Other	40,765	-	40,765
Total revenues	627,962	-	627,962
<u>Expenditures:</u>			
Current:			
General government	219,596	-	219,596
Public safety	167,974	-	167,974
Streets, drainage, and recreation	179,527	11	179,538
Capital outlays	26,521	-	26,521
Total expenditures	593,618	11	593,629
Excess (deficiency) of revenues over expenditures	34,344	(11)	34,333

Continued...

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2009

Concluded...

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over expenditures	<u>34,344</u>	<u>(11)</u>	<u>34,333</u>
<u>Other financing sources (uses):</u>			
Operating transfers in	57,591	-	57,591
Operating transfers out	<u>(49,344)</u>	<u>-</u>	<u>(49,344)</u>
Total other financing sources (uses)	<u>8,247</u>	<u>-</u>	<u>8,247</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	42,591	(11)	42,580
Fund balance - beginning of year	<u>166,243</u>	<u>11</u>	<u>166,254</u>
Fund balance - end of year	<u>\$ 208,834</u>	<u>\$ -</u>	<u>\$ 208,834</u>

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2009

Net change in fund balances of Governmental Funds \$ 42,580

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current
period. (50,883)

Some expenses reported in the statement of activities do not require the use
of current financial resources and therefore are not reported as
expenditures by governmental funds. (2,622)

Change in net assets of governmental activities \$ (10,925)

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Net Assets

Proprietary Funds - Year Ended June 30, 2009

	Business-Type Activities		
	Utility System	Non-Major Funds	Total
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 107,997	\$ -	\$ 107,997
Receivables (net)	70,650	7,121	77,771
Interfund Receivable	-	105	105
Prepaid Insurance	3,292	568	3,860
Total current assets	181,939	7,794	189,733
Noncurrent Assets:			
Land	6,232	-	6,232
Depreciable capital assets, net	2,347,189	776	2,347,965
Total noncurrent assets	2,353,421	776	2,354,197
Total assets	2,535,360	8,570	2,543,930
<u>Liabilities and fund equity</u>			
<u>Liabilities:</u>			
Current Liabilities:			
Accounts and other payables	37,152	301	37,453
Interfund Payable	16,088	-	16,088
Accrued expenses	8,621	772	9,393
Deposits due others	96,518	-	96,518
Compensated Absences	60,956	449	61,405
Total liabilities	219,335	1,522	220,857
<u>Net Assets:</u>			
Invested in capital assets, net of related debt	2,353,421	776	2,354,197
Unrestricted	(37,396)	6,272	(31,124)
Total net assets	\$ 2,316,025	\$ 7,048	\$ 2,323,073

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds - Year Ended June 30, 2009

	Business-Type Activities		
	Utility System	Non- Major	Total
<u>Operating Revenues:</u>			
Charges for services:			
Gas sales	\$ 378,339	\$ -	\$ 378,339
Water sales	248,573	-	248,573
Sewer charges	122,589	-	122,589
Sanitation charges	-	68,343	68,343
Delinquent charges	28,261	-	28,261
Miscellaneous	3,901	-	3,901
Total operating revenues	781,663	68,343	850,006
<u>Operating Expenses:</u>			
Natural gas purchases	204,751	-	204,751
Salaries and wages	248,958	44,023	292,981
Materials, supplies, and maintenance	118,671	3,933	122,604
Office and postage	10,691	-	10,691
Payroll taxes	16,824	3,335	20,159
Retirement	13,165	2,917	16,082
Vehicle and travel	18,751	3,202	21,953
Insurance	34,813	9,056	43,869
Professional fees	21,879	-	21,879
Sewer expense	1,983	-	1,983
Miscellaneous	10,830	230	11,060
Lease	7,125	-	7,125
Utilities and telephone	89,146	-	89,146
Depreciation	109,973	405	110,378
Total operating expenses	907,560	67,101	974,661
Operating income (loss)	(125,897)	1,242	(124,655)
<u>Non-operating revenues (expenses):</u>			
Capital Grant Proceeds	45,000	-	45,000
Interest income	2,130	-	2,130
Change in net assets before			
Contributions and transfers	(78,767)	1,242	(77,525)
<u>Contributions and Transfers:</u>			
Operating Transfers In	49,344	-	49,344
Operating Transfers Out	(56,219)	(1,372)	(57,591)
Change in net assets	(85,642)	(130)	(85,772)
Total net assets - beginning	2,401,667	7,178	2,408,845
Total net assets - ending	\$ 2,316,025	\$ 7,048	\$ 2,323,073

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2009

	Business-Type Activities		
	Utility System	Non-Major Funds	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 855,206	\$ 68,257	\$ 923,463
Cash payments to suppliers of goods and services	(657,344)	(23,288)	(680,632)
Cash payments to employees for service	(234,893)	(43,597)	(278,490)
Net cash provided (used) by operating activities	(37,031)	1,372	(35,659)
<u>Cash flows from non-capital financing activities:</u>			
(Increase) decrease in due from other funds	(105)	-	(105)
(Decrease) increase in due to other funds	11,248	-	11,248
Operating transfers, net	(6,875)	(1,372)	(8,247)
Net cash provided (used) by non-capital financing activities	4,268	(1,372)	2,896
<u>Cash flows from capital and related financing activities:</u>			
Acquisition and construction of capital assets	(49,780)	-	(49,780)
Capital Grant Proceeds	45,000	-	45,000
Net cash provided (used) by capital and related financing activities	(4,780)	-	(4,780)
<u>Cash flows from investing activities:</u>			
Interest and other income	2,130	-	2,130
Net cash provided (used) by investing activities	2,130	-	2,130
Net increase (decrease) in cash	(35,413)	-	(35,413)
Beginning cash balance	143,410	-	143,410
Ending cash balance	107,997	-	107,997
Cash - restricted	-	-	-
Cash - unrestricted	\$ 107,997	\$ -	\$ 107,997

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2009

	Business-Type Activities		
	Utility System	Non-Major Funds	Total
Reconciliation of operating income (loss) to net cash			
Operating Income (loss)	\$ (125,897)	\$ 1,242	\$ (124,655)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	109,973	405	110,378
(Increase) decrease in accounts receivable	73,779	(86)	73,693
(Increase) decrease in prepaid expenses	84	(64)	20
(Decrease) increase in accounts payable	(108,799)	(551)	(109,350)
(Decrease) increase in accrued expenses	2,348	159	2,507
(Decrease) increase in meter deposits	(236)	-	(236)
(Decrease) increase in compensated absences	11,717	267	11,984
 Net cash provided (used) by operating activities	 \$ (37,031)	 \$ 1,372	 \$ (35,659)

Supplemental disclosures of cash flow information:

For the years ended June 30, 2009 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Colfax, Louisiana (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire), streets and drainage, recreation, public improvements, utility (gas, water, sewerage, and sanitation), and general administrative services.

The accompanying policies of the Town of Colfax, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the Town of Colfax for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - The ability of the Town to impose its will on that organization, and/or
 - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the above criteria, the Town of Colfax has no component units for the year ended June 30, 2009.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most inter-fund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

- Governmental Funds
 - General fund – The general fund is the primary operating fund and is used to account for all governmental activities.
- Proprietary Funds
 - Utility System – The utility fund is used to account for the operation of the Town's water, sewer, and natural gas system which are supported by user charges.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Proprietary fund revenues earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before December 30, 1989.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgements are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets excluding capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as another financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from franchise taxes, fines, and court cost is not recognized until it is collected.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system is estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the government-wide financial statements.

Statement of Cash Flows

For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank, and certificates of deposit.

Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2009, cash and cash equivalents totaled \$269,921 (book balance) and \$280,277 (bank balance). The book balance is considered unrestricted.

Under state law, these deposits must be secured by federal deposit insurance or by the pledge of securities held by the bank. The securities pledged are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties. At June 30, 2009, all deposits with financial institutions were fully covered by federal deposit insurance of \$250,000 and pledged securities with a market value of \$513,941.

Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Town that the pledging bank has failed to pay deposited funds on demand.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 3 - RECEIVABLES

Receivables at June 30, 2009, consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ -----	\$ 82,967	\$ 82,967
Franchise Taxes	12,778	---	12,778
Other	81	1,694	1,775
Total Accounts Receivables	<u>12,859</u>	<u>84,661</u>	<u>97,520</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	51,219	---	51,219
Other	8,398	---	8,398
Total Due From Other Governmental Units	<u>59,617</u>	<u>---</u>	<u>59,617</u>
Total Receivables	72,476	84,661	157,137
Allowance for Doubtful Accounts	---	(6,890)	(6,890)
Net Receivables	<u>\$ 72,476</u>	<u>\$ 77,771</u>	<u>\$ 150,247</u>

NOTE 4 – LONG-TERM LIABILITIES

The following are liabilities due in more than one year:

	Governmental Activities	Business-Type Activities	Total
Compensated Absences	<u>\$ 12,967</u>	<u>\$ 61,405</u>	<u>\$ 74,372</u>

Changes in the Town's long-term liabilities for the year ended June 30, 2009, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Compensated absences	\$ 10,344	\$ 2,623	\$	\$ 12,967

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Business-Type Activities

Compensated Absences	<u>49,421</u>	<u>11,984</u>	<u> </u>	<u>61,405</u>
Total Long-Term Liabilities	<u>\$ 59,765</u>	<u>\$ 14,607</u>	<u>\$ ----</u>	<u>\$ 74,372</u>

NOTE 5 – AD VALOREM TAXES

The Town bills and collects its own property taxes using assessed values determined by the Tax Assessor of Grant Parish.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in late November or December.

Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2009, the Town levied 10.62 mills of ad valorem taxes totaling \$73,737 which were dedicated to the general corporate purposes of the Town.

NOTE 6 - FIXED ASSETS

Changes in the governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	<u>\$ 207,068</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 207,068</u>
Total	<u>207,068</u>	<u>----</u>	<u>----</u>	<u>207,068</u>
Depreciable Capital Assets				
Buildings	<u>47,076</u>	<u>----</u>	<u>----</u>	<u>47,076</u>
Improvements	<u>706,246</u>	<u>----</u>	<u>----</u>	<u>706,246</u>
Equipment	<u>377,161</u>	<u>26,521</u>	<u>----</u>	<u>403,682</u>
Accumulated Depreciation	<u>(803,526)</u>	<u>(77,404)</u>	<u>----</u>	<u>(880,930)</u>
Total	<u>326,957</u>	<u>(50,883)</u>	<u>----</u>	<u>276,074</u>
Total Governmental Activities	<u>\$ 534,025</u>	<u>(50,883)</u>	<u>\$ ----</u>	<u>\$ 483,142</u>

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Business-Type Activities

Non Depreciable Capital Assets

Land	\$ 6,232	\$ ----	\$ ----	\$ 6,232
	<u>6,232</u>	<u>---</u>	<u>---</u>	<u>6,232</u>

Depreciable Capital Assets

Sanitation Equipment	37,254	----	----	37,254
Sanitation Improvements	2,024	----	----	2,024
Utility Buildings	5,380	----	----	5,380
Utility Equipment	169,754	25,274	----	195,028
Utility Distribution System	5,067,322	24,507	----	5,091,829
Accumulated Depreciation	(2,873,172)	(110,378)	----	(2,983,550)
Total	<u>2,408,562</u>	<u>(60,597)</u>	<u>----</u>	<u>2,347,965</u>

Total Business-Type Activities	<u>\$ 2,414,794</u>	<u>\$ (60,597)</u>	<u>\$ ----</u>	<u>\$2,354,197</u>
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Depreciation expense reported by the various functions is presented as follows:

Governmental Activities

General Government	\$ 6,995
Public Safety	16,409
Streets, Drainage, & Recreation	54,000
Total Depreciation – Governmental Activities	<u>\$ 77,404</u>

Business-Type Activities

Utility System	\$ 109,973
Sanitation	405
Total Depreciation – Business-Type Activities	<u>\$ 110,378</u>

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following is a summary of accounts payable and accrued expenses at June 30, 2009:

	<u>Payable to Vendors</u>	<u>Accrued Expenses</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 15,805	\$ 15,970	\$ 31,775
<u>Business-Type Activities</u>			
Utility System	37,152	8,621	45,773
Non-Major	301	772	1,073
Total Business-Type	<u>37,453</u>	<u>9,393</u>	<u>46,846</u>
Total Accounts Payable And Accrued Expenses	<u>\$53,258</u>	<u>\$25,363</u>	<u>\$78,621</u>

NOTE 8 – COMPENSATION OF ELECTED OFFICIALS

Payments to the Board of Aldermen for the year ended June 30, 2009, were as follows:

	<u>Position</u>	<u>Amount</u>
Gerald Hamilton	Mayor	\$ 14,400
Alan Futrell	Alderman	4,200
David Clark	Alderman	4,200
Lourain Lacour	Alderman	4,200
Lorraine Sapp	Alderman	4,200
Cora Reed	Alderman	4,200
		<u>\$ 35,400</u>

NOTE 9 - RISK MANAGEMENT

The Town of Colfax is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 10 – CONDUIT DEBT

To provide for the construction of a warehouse/distribution facility, land and infrastructure improvements, the Town of Colfax issued \$2,300,000 of indebtedness to the Louisiana Department of Economic Development. This debt is a limited special obligation of the Town, payable solely from and secured by a pledge of rental income to be received from a lease agreement between the Town and Ditto Apparel of California, Inc. This debt does not constitute a debt or pledge of the faith and credit of the Town, and accordingly has not been reported in the accompanying financial statements.

At June 30, 2009, the balance of the debt outstanding aggregated \$1,400,000.

NOTE 11 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds in order to cover expenses as necessary. The transfers are presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<u>Governmental Activities</u>			
General Fund	\$ 57,591	\$ 49,344	\$ 8,247
Total Transfers In	<u>57,591</u>	<u>49,344</u>	<u>8,247</u>
<u>Business-Type Activities</u>			
Utility System	49,344	56,219	(6,875)
Non-Major	----	1,372	(1,372)
Total Transfers Out	<u>49,344</u>	<u>57,591</u>	<u>(8,247)</u>
Net Transfers	<u>\$ 8,247</u>	<u>\$ (8,247)</u>	<u>\$ ----</u>

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES:

In the ordinary course of business, the Town routinely records an interfund receivable and payable from the utility system to the sanitation in order to properly record sanitation revenues. These receivables and payables are paid off at the end of each month. For the year ended June 30, 2009, the interfund balance between the funds was \$15,983.

TOWN OF COLFAX

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 13- PENSION PLAN

Substantially all employees of the Town of Colfax, Louisiana, are members of the Municipal Employees Retirement Systems of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Colfax is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Colfax are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Town of Colfax

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<u>Revenues:</u>				
Taxes				
Ad valorem	\$ 73,000	\$ 73,000	\$ 73,737	\$ 737
Sales taxes	275,000	275,000	281,060	6,060
License and permits				
Occupational licenses	55,000	55,000	91,140	36,140
Franchise fees	65,000	65,000	65,746	746
Other permits	-	-	1,470	1,470
Charges for services	3,825	3,825	4,095	270
Intergovernmental				
Beer taxes	4,000	4,000	5,657	1,657
Tobacco taxes	2,400	2,400	-	(2,400)
Payment in lieu of taxes	5,215	5,215	6,823	1,608
Other	17,500	55,500	98,234	42,734
Total revenues	500,940	538,940	627,962	89,022
<u>Expenses:</u>				
General government	373,800	425,300	219,596	205,704
Public Safety	125,660	125,660	167,974	(42,314)
Streets, Drainage, and Recreation	117,500	95,500	173,550	(78,050)
Recreation	25,600	10,000	5,977	4,023
Capital Outlay	50,000	25,000	26,521	(1,521)
Total Expenses	692,560	681,460	593,618	87,842
Excess (deficiency) of revenues over expenditures	(191,620)	(142,520)	34,344	176,864
<u>Other financing sources (uses):</u>				
Operating transfers in	135,000	135,000	57,591	(77,409)
Operating transfers out	-	(40,000)	(49,344)	(9,344)
Total other financing sources (uses)	135,000	95,000	8,247	(86,753)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(56,620)	(47,520)	42,591	90,111
Fund balance - beginning of year	200,982	166,243	166,243	-
Fund balance - end of year	\$ 144,362	\$ 118,723	\$ 208,834	\$ 90,111

Town of Colfax

General Fund

Schedule of Expenses - Budget and Actual

Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<u>General Government:</u>				
Salary - Elected Officials	\$ 35,400	\$ 35,400	\$ 35,400	\$ -
Salaries - office	49,400	49,400	39,715	9,685
Payroll Taxes	21,500	21,500	19,228	2,272
Equipment Maintenance	25,000	22,000	9,259	12,741
Gas and Oil	35,000	45,000	5,024	39,976
Office and Printing	16,500	16,500	13,904	2,596
Utilities and Phone	75,000	100,000	34,322	65,678
Insurance	47,000	47,000	-	47,000
Dues and Subscriptions	3,000	3,000	1,277	1,723
Miscellaneous	18,500	22,000	13,209	8,791
Professional Fees	24,000	36,000	33,635	2,365
Mayor's Expense	1,000	1,000	-	1,000
Other Labor	1,500	1,000	-	1,000
Travel and Seminar	7,500	12,000	11,459	541
Retirement	6,000	6,000	3,164	2,836
Sales tax administration	7,500	7,500	-	7,500
Total General Government	373,800	425,300	219,596	205,704
<u>Public Safety:</u>				
Police Department Salaries	100,000	100,000	111,344	(11,344)
Police Department Expenses	16,000	16,000	21,606	(5,606)
Retirement-Police	9,660	9,660	-	9,660
Repairs & Maintenance	-	-	5,786	(5,786)
Gas & Oil	-	-	13,332	(13,332)
Utilities and Telephone	-	-	3,592	(3,592)
Insurance	-	-	12,314	(12,314)
Total Public Safety	125,660	125,660	167,974	(42,314)
<u>Streets, Drainage, and Recreation:</u>				
Streets and Drainage				
Salaries	80,000	68,000	64,397	3,603
Supplies and Materials	32,500	22,500	24,913	(2,413)
Aloha-Rigolette Maintenance	5,000	5,000	5,000	-
Repairs and Maintenance	-	-	6,665	(6,665)
Gas and Oil	-	-	17,328	(17,328)
Utilities and Telephone	-	-	40,409	(40,409)
Insurance	-	-	14,838	(14,838)
Total Streets and Drainage	117,500	95,500	173,550	(78,050)

Continued...

Town of Colfax

General Fund

Schedule of Expenses - Budget and Actual

Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<u>Streets, Drainage, and Recreation (cont.):</u>				
Recreation				
Ball Parks/Parks & Recreation	5,000	2,000	825	1,175
Festivals and Parades	3,500	3,500	3,358	142
Summer Youth Program	12,600	-	-	-
Recreations Program	4,500	4,500	1,794	2,706
Total Recreation	25,600	10,000	5,977	4,023
 Total Streets, Drainage, and Recreation	 143,100	 105,500	 179,527	 4,023
<u>Sanitation:</u>				
Salaries	-	-	-	-
Supplies and Materials	-	-	-	-
 Total Sanitation	 -	 -	 -	 -
<u>Capital Outlay:</u>				
Equipment	30,000	-	-	-
Other	20,000	25,000	26,521	(1,521)
 Total Capital Outlay	 50,000	 25,000	 26,521	 (1,521)
 Total Expenses	 \$ 692,560	 \$ 681,460	 \$ 593,618	 \$ 87,842

TOWN OF COLFAX

Summary of Findings and Questioned Costs June 30, 2009

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the general purpose financial statements for the Town of Colfax, Louisiana, as of June 30, 2009, and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed one instance (2009-1) of noncompliance that is considered to be material to the financial statements of the Town of Colfax.
- The audit disclosed an audit finding (2009-1) which is required to be reported as a significant deficiency in internal control over financial reporting.
- The Town is not required to have a Single Audit; reporting required by OMB Circular A-133 is not required.

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- Finding 2009-1 – Legislative Auditor Compliance Review. Unresolved items remain from the Louisiana Legislative Auditor compliance review, dated October 29, 2008 and their *Checklist of Best Practices*.

Part III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None.

TOWN OF COLFAX

Management's Corrective Action Plan ***June 30, 2009***

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>Finding 2009-1</u> – The Legislative Auditor issued a compliance review, dated October 29, 2008. In addition, the Legislative Auditor applied their <i>Checklist of Best Practices</i>, and the following noted items still remain unresolved:</p> <ol style="list-style-type: none">1. Natural Gas Losses: "Management to continue its efforts to identify the causes of the natural gas losses."2. Written Policies: "For the Town to develop and implement written policies" in the following areas: Purchasing Procedures Credit cards Travel Expenses Time Cards Traffic Tickets3. Festival and parade expenditures: In two areas we were asked to "consult the Town's legal advisor about the legality of these expenditures." These expenditures included the Pecan Festival and the Christmas parade.4. Past Due Accounts: The recommendation was that "management	<p><u>Management's Response:</u></p> <p>We have addressed this comment below in the management letter section.</p> <p>For each of the areas shown to the left, we agree that we do not have written policies. However, we do have long-standing established procedures that we follow. We have three employees in the administrative office that have been employed for many years with the Town and they have developed standard procedures which they follow each day. We have turned this matter over to our finance committee and they have begun the process of developing our written procedures.</p> <p>We have turned both of these issues over to our legal counsel for advice on the legality of these expenditures. We are still awaiting his advice on these issues.</p> <p>We have addressed this comment below in the management letter section. See ML 2-2009.</p>

TOWN OF COLFAX

Management's Corrective Action Plan ***June 30, 2009***

<p>develop and enforce a uniform cut-off policy.”</p> <p>5. Vacation and sick leave records: The recommendation was that “the Town require its employees to complete standardized annual and sick leave forms.”</p> <p>6. Reporting Traffic Violations: The recommendation was that “the Town should comply with state law and report traffic violations with DPS.”</p> <p>7. Capital Assets: The recommendation was “that a complete physical inventory of capital assets be taken and any discrepancies with the inventory be investigated.”</p> <p>8. Confiscated evidence: The recommendation was that the “Town police department improve its controls over confiscated evidence.”</p> <p>9. Organizational chart and job description: The recommendation was that the “Town develop organizational charts and that job descriptions be developed for each position.”</p>	<p>This matter has been turned over to the Finance Committee to develop standardized forms. Presently, all employees report their vacation and sick leave time on time cards maintained by the payroll clerk.</p> <p>We have been working with the Police Chief, the Finance Committee, and the Court Magistrate to develop written procedures to ensure future compliance.</p> <p>Periodically an inventory is performed. We will schedule a physical inventory in the near future and investigate any differences.</p> <p>We have asked the Police Chief to review his policies on confiscated evidence and implement written policies. We will periodically require the Chief to present reports to the Council on the status of any physical inventory counts.</p> <p>This matter has been turned over to the Finance Committee. They are working on developing job descriptions and organizational charts. However, due to the size of the Town, we believe every employee is aware of who their supervisor is. In addition, any employee may talk with the Town Clerk or the Mayor for guidance.</p>
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TOWN OF COLFAX

Management's Corrective Action Plan June 30, 2009

<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
Not applicable.	Not Applicable.
<u>SECTION III</u> MANAGEMENT LETTER	
<p><u>ML-1-2009, Natural Gas Losses:</u> Over the six year period gas losses have ranged from 18.6% to 25.2%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn out meters that do not accurately measure the amount of gas delivered to customers.</p> <p><u>ML-2-2009, Utility Cutoff Procedures:</u> During our work on the Town's utility system, we noted that past due utility bills are still at a high level. We are concerned that these increases may be attributable to a lack of enforcing a uniform cutoff policy. Our test work also showed that some employees are slow to pay their bills. We recommend the Town strictly enforce a uniform cutoff policy.</p> <p>We also noted that final bills that have not been paid by the customer are not being reported to a collection agency for possible collection.</p> <p><u>ML-3-2009, Mileage Reimbursement:</u> During our work we became aware that the Town does not have a written policy regarding the use of Town vehicles.</p>	<p><u>Response:</u> We have engaged a specialist whose current findings should be helpful to alleviate some of the gas losses and who will continue to consult with us on gas related issues. We are and will continue to diligently work to resolve this issue.</p> <p><u>Response:</u> We will review our cutoff policies and take any corrective action as deemed necessary. In addition we will continue reviewing accounts receivable reports & delinquent reports at each council meeting.</p> <p>We will begin turning unpaid final bills over to collections.</p> <p><u>Response:</u> The Town is working on a policy. A committee has been created for this purpose and is in the process of reviewing the current policies in effect and will take any corrective action as needed.</p>

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2009

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>Finding 2008-1</u> – The Legislative Auditor issued a compliance review, dated October 29, 2008. In addition, the Legislative Auditor applied their <i>Checklist of Best Practices</i>, and noted the following items:</p> <ol style="list-style-type: none">1. Natural Gas Losses: "Management to continue its efforts to identify the causes of the natural gas losses."2. Financial Statements and Budget Comparison: "The clerk to present the board with monthly financial statements ...and budget comparisons" in addition to the monthly cash expense and accounts payable report.3. General Fund Deficit Spending: "Management to prepare a written plan to reduce spending in the general fund."4. Utility Fund Budget/Operating Losses: "An annual budget for the utility fund is prepared...and a written plan to eliminate operating losses be prepared."	<p><u>Management's Response:</u></p> <p>Unresolved. We have addressed this comment below in the management letter section.</p> <p>Resolved. The Council is very involved and informed in the operations of the Town. The Council is provided quarterly budget comparisons and closely monitors the budget to ensure that budget violations do not occur. In addition, we have turned this matter over to our finance committee to determine what information they need each month to effectively manage the Town's finances.</p> <p>Resolved. In the current year General Fund Revenues exceeded General Fund Expenditures by \$34,344.</p> <p>Resolved. In the current year Utility Fund Expenditures exceed Revenue by \$78,767. This includes depreciation expense of \$109,973. The Finance Committee is aware of the issue and continues to monitor the utility fund expenditures. State Law does not require that a budget be prepared, adopted, or approved by the Town Council.</p>

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2009

<p>5. Accounting System Update: The "accounting system be updated to a fully computerized system."</p> <p>6. Budget adoption instrument: "For the Town to adopt the annual budget and amended budgets by ordinance rather than by resolution."</p> <p>7. Written Policies: "For the Town to develop and implement written policies" in many areas.</p> <p>Purchasing Procedures Credit cards Travel Expenses Time Cards Traffic Tickets</p>	<p>Resolved. We presently have a computerized billing system and payroll system. The only non-computerized system is our general ledger which is posted and reconciled each month. In the current year the Town purchased new computers to move toward a computerized accounting system. The Town plans to implement a computerized accounting software system in the next year.</p> <p>Resolved. The Town adopted the budgets in the current year by ordinance.</p> <p>Unresolved. The finance committee is still working on the policy related to these issues. For each of the areas shown to the left, we agree that we do not have written policies. However, we do have long-standing established procedures that we follow. We have three employees in the administrative office that have been employed for many years with the Town and they have developed standard procedures which they follow each day. We have begun the process of developing our written procedures. This issue has been turned over to the finance committee to oversee the completion of these policies and procedures.</p> <p>In addition to the information above we are working on implementing written policies for each of the additional items. We are currently working on the following for each of the additional items:</p> <p>Purchasing procedures we do have purchase order system but we do not have a written</p>
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TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2009

	<p>policy but this matter has been turned over to the finance committee.</p> <p>We have begun requiring that travel reports be submitted.</p> <p>We are reviewing our current time card procedures to ensure that all employees prepare and sign their own time cards and that the time cards are approved, by the employee's supervisor.</p> <p>We are working with the Elected Police Chief in addition to the Finance Committee on establishing the policy for ticket book controls.</p>
<p>8. Festival and parade expenditures: In two areas we were asked to "consult the Town's legal advisor about the legality of these expenditures." These expenditures included the Pecan Festival and the Christmas parade.</p>	<p>Unresolved. We have turned both of these issues over to our legal council for advice on the legality of these expenditures.</p>
<p>9. Customer Utility Accounts: The recommendation was "that management reconcile the general ledger control account with the accounts receivable subsidiary account each month and investigate the difference."</p>	<p>Resolved. The Town has begun reconciling the General Ledger Control Account to the subsidiary ledger.</p>
<p>10. Past Due Accounts: The recommendation was that "management develop and enforce a uniform cut-off policy."</p>	<p>Unresolved. We have addressed this issue in finding ML-2-2009 below.</p>

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2009

11. Customer Meter Deposit: The recommendation is that "management reconcile the meter deposit cash account with the general ledger control account."	Resolved. We are reconciling the general ledger control accounts to the meter deposit cash account.
12. Computer backups and disaster recover: Two recommendations were made that management develop a computer backup system, off site storage capabilities, disaster recovery plan, and review the Town's hardware and software needs and critical mission data	Resolved. We presently have a fireproof vault where all records are stored in. We have implemented a policy weekly backups.
13. Segregation of Duties: The recommendation was that "payroll duties be segregated to the extent possible."	Resolved. The town has reviewed its procedures and has segregated payroll duties to the extent possible due to the small staff size.
14. Vacation and sick leave records: The recommendation was that "the Town require its employees to complete standardized annual and sick leave forms."	Unresolved. This matter has been turned over to the Finance Committee to develop standardized forms.
15. Reporting Traffic Violations: The recommendation was that "the Town should comply with state law and report traffic violations with DPS."	Unresolved. We have been working with the Police Chief, the Finance Committee, and the Court Magistrate to develop written procedures to ensure future compliance.
16. Capital Assets: The recommendation was "that a complete physical inventory of capital assets be taken and any discrepancies with the inventory be investigated."	Unresolved. Periodically an inventory is performed. We will schedule a physical inventory in the near future and investigate any differences.

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2009

<p>17. Confiscated evidence: The recommendation was that the "Town police department improve its controls over confiscated evidence."</p> <p>18. Organizational chart and job description: The recommendation was that the "Town develop organizational charts and that job descriptions be developed for each position."</p>	<p>Unresolved. We have instructed the Police Chief to review his policies on confiscated evidence and implement written policies. We will periodically require the Chief to present reports to the Council on the status of any physical inventory counts.</p> <p>Unresolved. This matter has been turned over to our Finance Committee. They are working on developing job descriptions and organizational charts. However, due to the size of the Town, we believe every employee is aware of who their supervisor is. In addition, any employee may talk with the Town Clerk or the Mayor for guidance.</p>
<p style="text-align: center;"><u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</p>	
<p>No Findings of this nature.</p>	<p>No response necessary.</p>
<p style="text-align: center;"><u>SECTION III</u> MANAGEMENT LETTER</p>	
<p><u>ML-1-2008, Natural Gas Losses:</u> Over the three year period gas losses have ranged from 18.7% to 25.2%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn out meters that do not accurately measure the amount of gas delivered to customers.</p>	<p><u>Response:</u> Unresolved. We have engaged a specialist whose current findings should be helpful to alleviate some of the gas losses and who will continue to consult with us on gas related issues. We are and will continue to diligently work to resolve this issue.</p>

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2009

<p><u>ML-2-2008, Utility Cutoff Procedures:</u> During our work on the Town's utility system, we noted that past due utility bills are still at a high level. We are concerned that these increases may be attributable to a lack of a uniform cutoff policy. Our test work also showed that some employees are slow to pay their bills. We recommend the Town establish and enforce a uniform cutoff policy.</p> <p>We also noted that final bills that have not been paid by the customer are not being reported to a collection agency for possible collection.</p> <p><u>ML-3-2008, Mileage Reimbursement:</u> During our work we became aware that the Town does not have a written policy regarding the use of Town vehicles.</p>	<p><u>Response:</u> Unresolved. We have begun the process of adopting a uniform cut off policy.</p> <p>We will begin turning unpaid final bills over to collections.</p> <p><u>Response:</u> Unresolved. The Town is in the process of reviewing the current policies in effect and will take any corrective action as needed.</p>
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